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Working Paper

Aalborg University Business School

The Net Innovator Score

Christian Nielsen¹

Introduction

What's your innovation capacity? How do your stakeholders view your innovativeness? Are your efforts to become more innovative fruitful, and do they make a difference?

The Net Innovator Score is a measure of your innovativeness. When measured consistently over time, the Net Innovator Score provides valuable feedback on the success of your innovation efforts.

In 2003, Fred Reichheld introduced the Net Promoter Score® as the single number you need to grow in his seminal Harvard Business Review article. This simple KPI has significantly influenced the perception and use of customer experience and loyalty as a forward-looking indicator of business growth.

Today, the Net Innovator Score is the new number you must grow before you grow the Net Promoter Score®.

Before enhancing your customer experience through your products and services, you need to offer competitive and innovative products and services. Therefore, you should focus on increasing your Net Innovator Score before your Net Promoter Score®. Being an innovative company today is more crucial than ever before. In terms of long-term survival, innovation is the key to remaining on top, evidenced by developments in the composition of the S&P500 index, where the average age of member companies is at an all-time low and turnover is at an all-time high. Product, technological, and business model innovations are currently driving the economic growth of the industrialised world.

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Think about how you typically measure innovation

Being innovative is complex. Measuring innovativeness is even more complicated compared to measuring your annual R&D spending, the number of patents, or revenues from a new product portfolio. Being an innovative organisation is more about a mindset. Being innovative craves focus and an organisational culture that nurtures sincere willpower to improve. None of these features is captured in R&D spending or other similar measures. So, how can you measure these high-level characteristics?

The Net Innovator Score provides your organisation with valuable insights into how its key stakeholders perceive the innovativeness of the company. As a one-off measurement, the Net Innovator Score provides a perfect point of departure for improvement and an analysis of how separate stakeholder groups, such as employees or customers, perceive your organisation. When calculated consistently, the Net Innovator Score provides essential information on how these perceptions evolve and can be related to your strategies and action points.

The Net Innovator Score calculation

The Net Innovator Score is based on the calculation-methodology of the Net Promotor Score® proposed by Reichheld (2003) and its later expansion by Reichheld (2011).

Net Innovator Score measures your immediate stakeholders' experiences of your innovativeness, i.e., your organisation's ability to innovate. It is thus an ideal point of comparison. In using the Net Innovator Score systematically, your company obtains a predictor of how your ability to innovate evolves over time and provides a core measurement for innovation development and innovation management programs.

To calculate your Net Innovator Score, your stakeholders must answer the following question on a 0-10 scale:
Is this company innovative in your opinion?

Respondents are then grouped into the following classes:

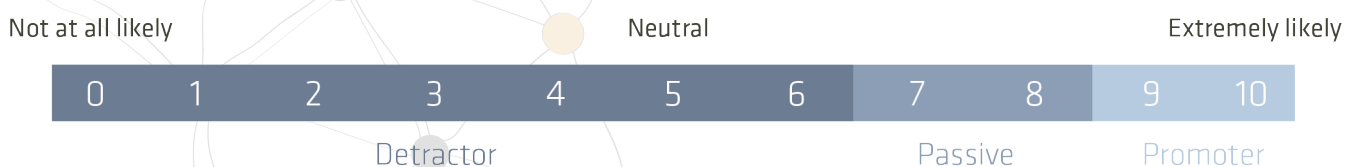
- Promoters (scores 9-10) are enthusiastic about the innovativeness of your organisation who will readily refer to your organisation when asked to provide best practice examples of innovative companies.
- Passives (scores 7-8) are satisfied with the innovativeness of your company but not enthusiastic enough to highlight your abilities when asked.
- Detractors (scores 0-6) are unhappy about the level of innovation they experience and can damage your credibility through negative word-of-mouth.

Subtracting the percentage of detractors from the percentage of promoters yields the Net Innovator Score, which can range from a low of -100 (if every respondent is a Detractor) to a high of 100 (if every respondent is a Promoter).

Respondents to the survey question should be comprised of the three stakeholder groups of employees, customers, and partners. The amount of respondents in each stakeholder group should be balanced to capture an overall perception of your organisation's innovation fitness. The sample size depends on your acceptable margin of error, as well as the available respondent base in each stakeholder group.

In the Net Innovator Score survey tool, respondents from these groups are asked to provide additional information about their specific relationship to your organisation. After reporting their perception of your innovativeness as described above, the respondents are then asked to evaluate in which areas they perceive you to be the most innovative (if they score from 7 to 10), or the type of innovation they consider would benefit the organisation for the future (if they score from 0 to 6).

To take a sample survey, click [here](https://www.netinnovatorscore.com). To obtain a customised link to the survey tool to use for your organisation's Net Innovator Score calculation, visit www.netinnovatorscore.com.



How to use the Net Innovator Score in your organisation

As a stand-alone measure, if you only have a single Net Innovator Score survey available, you can analyse differences reported between each stakeholder groups' perceptions along with their observations of your strengths and weaknesses in innovation. For example, do significant differences exist in the Net Innovator Score reported from the employees, customers, and strategic partners? If these differences suggest a concern, then what can you do to examine in more depth?

Next, review each stakeholder group separately. For example, look at your strategic partners. What do the detractors say about which areas they believe you should improve? In which categories of innovation do the promoters consider you as an innovative company? This type of analysis can be repeated for each stakeholder group and compared. This information can also be leveraged to conduct interviews with selected respondents to obtain a better understanding of the perceived strengths and weaknesses.

The ability to measure the evolution of your innovation is an important mechanism to apply your Net Innovator Score for your advantage. However, innovativeness, like corporate culture, is not something that changes quickly. Therefore, the Net Innovator Score is most appropriately a measure that should be repeated, but not too often. A good rule of thumb is to conduct the survey once or twice a year at regular intervals. A possible justification

for inconsistent timing in the survey interval is if your organisation launches a large-scale innovation initiative, launches into a new market, or alters its business model. Through these types of scenarios, you can capture how these new activities or strategies impact your innovativeness through a before and after perspective survey.

Although the Net Innovator Score provides multiple types of insights, additional value can be achieved by benchmarking with other organisations in similar industries, regions, or situations. The following are four best practices for implementing your Net Innovator Score surveying:

1. Be consistent and measure once or twice per year.
2. Use the survey to provide insights on activities and strategies.
3. Leverage the stakeholder contacts to keep in touch and help maintain their awareness of you as a proactive organisation.
4. Combine surveys with follow-up interviews to discover more about interesting or concerning perceptions.

Concluding remarks

The Net Innovator Score is a simple and understandable forward-looking metric to provide indications of the future success of your company. The capability of your organisation to innovate is not something you should leave to chance. Innovative companies are focused and structured while investing heavily in future success. The Net Innovator Score is a straightforward calculation to monitor effects and anticipations of such investments.

References

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